

**Executive Department**

**For the Years Ended  
June 30, 1999, and June 30, 1998**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**

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**John G. Morgan**  
Comptroller

May 25, 2000

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Executive Department for the years ended June 30, 1999, and June 30, 1998.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the Executive Department's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Executive Department is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit resulted in no audit findings.

We have reported other less significant matters involving the department's internal controls and/or instances of noncompliance to the Executive Department's management in a separate letter.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/dds  
00/058

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit

**Executive Department**

For the Years Ended June 30, 1999, and June 30, 1998

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## AUDIT SCOPE

We have audited the Executive Department for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of expenditures, equipment, revenue, payroll, and personnel, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards.

## AUDIT FINDINGS

The audit report contains no findings.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

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**Audit Report**  
**Executive Department**  
**For the Years Ended June 30, 1999, and June 30, 1998**

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# **Executive Department For the Years Ended June 30, 1999, and June 30, 1998**

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## **INTRODUCTION**

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### **POST-AUDIT AUTHORITY**

This is the report on the financial and compliance audit of the Executive Department. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

### **BACKGROUND**

The Governor is the chief executive of the state and holds the office for a four-year term. The Tennessee Constitution permits the Governor to serve two consecutive four-year terms.

The Governor’s constitutional duties, in addition to being chief executive, include serving as commander-in-chief of the Army and Navy of the state; granting reprieves and pardons; convening the General Assembly in extraordinary sessions by proclamation; reporting to the General Assembly information on the state of the government and recommending for their consideration such measures as he judges expedient; sealing and signing all grants and commissions in the name and by the authority of the State of Tennessee; and signing or vetoing bills passed by both houses of the General Assembly.

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## **AUDIT SCOPE**

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We have audited the Executive Department for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management’s controls and compliance with policies, procedures, laws, and regulations in the areas of expenditures, equipment, revenue, payroll and personnel, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards.

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## **OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS**

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### **EXPENDITURES**

The objectives of our review of controls and procedures over expenditures were to determine whether

- expenditures were for goods or services authorized and received,
- expenditures incurred for goods or services were identified and recorded,
- auditee records were reconciled with Department of Finance and Administration reports,
- payments for travel were paid in accordance with the Comprehensive Travel Regulations, and
- the purpose of state aircraft usage was adequately documented.

We interviewed key personnel to gain an understanding of the department's procedures and controls over expenditures. We also reviewed supporting documentation and tested a sample of expenditure transactions. We had no findings related to expenditures; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

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### **EQUIPMENT**

The objectives of our review of controls and procedures over equipment were to determine whether

- property and equipment were adequately safeguarded;
- property and equipment in the general fixed asset account group represented a complete and valid listing of the cost of assets purchased or leased and physically on hand; and
- costs associated with sold, abandoned, damaged, or obsolete fixed assets were removed from the account group.

We interviewed key personnel to gain an understanding of the department's procedures and controls over equipment. We also reviewed supporting documentation and tested a sample of equipment transactions. We had no findings related to equipment; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

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## **REVENUE**

The objectives of our review of the controls and procedures over revenue were to determine whether

- a reasonable degree of assurance was obtained as to the validity and proper recording of the revenue transactions,
- cash collected during the audit period were deposited timely and accounted for in the appropriate fiscal year,
- auditee records were reconciled with Department of Finance and Administration reports, and
- revenues of fees were billed or charged and recorded at the correct amount.

We interviewed key personnel to gain an understanding of the department's procedures and controls over revenue. We also reviewed supporting documentation and tested a sample of revenue transactions. We had no findings related to revenue; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

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## **PAYROLL AND PERSONNEL**

The objectives of our review of controls and procedures over payroll and personnel were to determine whether

- payroll disbursements were made only for work authorized and performed,
- payroll disbursements were recorded correctly by amount and time period,
- employees were qualified for their positions, and
- payroll was computed using rates and other factors in accordance with contracts and relevant laws and regulations.



We interviewed key personnel to gain an understanding of the department's procedures and controls over payroll and personnel. We also reviewed supporting documentation and tested a sample of payroll transactions. We had no findings related to payroll and personnel; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

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## **FINANCIAL INTEGRITY ACT**

The Financial Integrity Act of 1983 requires the head of each executive agency to submit a letter acknowledging responsibility for maintaining the internal control system of the agency to the Commissioner of Finance and Administration and the Comptroller of the Treasury by June 30, 1999, and each year thereafter. In addition, the head of each executive agency is also required to conduct an evaluation of the agency's internal accounting and administrative control and submit a report by December 31, 1999, and December 31 of every fourth year thereafter.

The objectives of our review of the Executive Department's compliance with the Financial Integrity Act were to determine whether

- the department's June 30, 1999, responsibility letter and December 31, 1999, internal accounting and administrative control report were filed in compliance with the Financial Integrity Act of 1983;
- documentation to support the department's evaluation of its internal accounting and administrative control was properly maintained;
- procedures used in compiling information for the internal accounting and administrative control report were adequate; and
- corrective actions have been implemented for weaknesses identified in the report.

We interviewed key employees responsible for compiling information for the report to gain an understanding of the department's procedures. We also reviewed the supporting documentation for these procedures and the June 30, 1999, responsibility letter and December 31, 1999, internal accounting and administrative control report submitted to the Comptroller of the Treasury and to the Department of Finance and Administration.

We determined that the Financial Integrity Act responsibility letter and internal accounting and administrative control report were submitted on time, and support for the internal accounting and administrative control report was adequate.

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## **PRIOR AUDIT FINDINGS**

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There were no findings in the prior audit report.

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## **APPENDIX**

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### **DIVISIONS AND ALLOTMENT CODES**

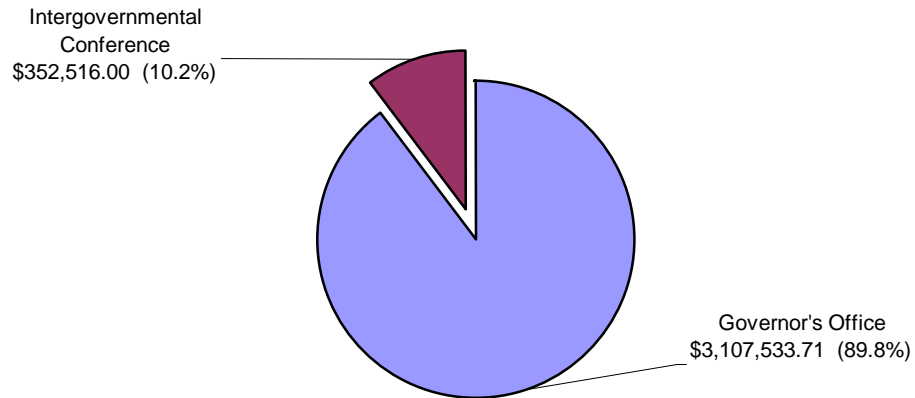
Executive Department divisions and allotment codes:

315.01 Governor's Office

315.02 Intergovernmental Conference

## EXPENDITURES BY ALLOTMENT AND DIVISION

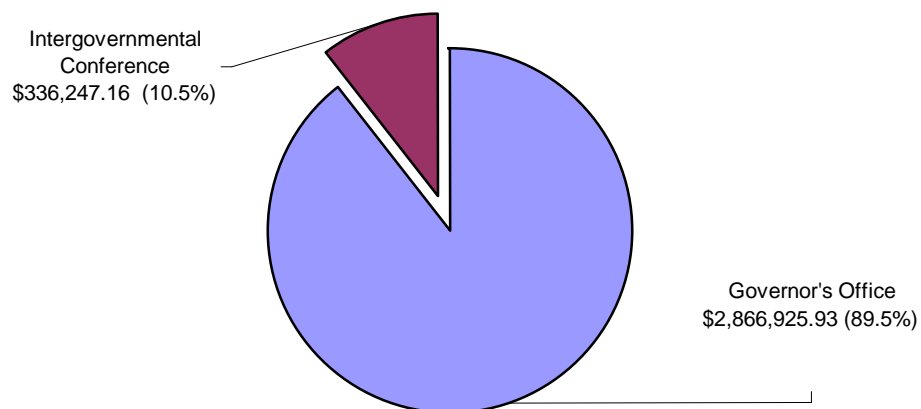
Fiscal Year Ended June 30, 1999 (Unaudited)



Source: Executive Department

## EXPENDITURES BY ALLOTMENT AND DIVISION

Fiscal Year Ended June 30, 1998 (Unaudited)



Source: Executive Department